

**CORPORATE INTEGRITY AGREEMENT  
BETWEEN THE  
OFFICE OF INSPECTOR GENERAL  
OF THE  
DEPARTMENT OF HEALTH AND HUMAN SERVICES  
AND  
JOHNSON CITY MEDICAL CENTER**

**I. PREAMBLE**

Johnson City Medical Center ("Hospital") hereby agrees to enter into this Corporate Integrity Agreement ("CIA") with the Office of Inspector General ("OIG") of the United States Department of Health and Human Services ("HHS") and to implement any reasonable and necessary policies, procedures, and practices to ensure compliance with the requirements of Medicare, Medicaid and all other Federal health care programs (as defined in 42 U.S.C. § 1320a-7b(f))(hereinafter collectively referred to as the "Federal health care programs") by Hospital, its employees, contractors, physicians with privileges, and other health care professionals, as well as all third parties which Hospital engages to act as billing or coding agents or consultants for Hospital. Hospital's compliance with the terms and conditions in this CIA shall constitute an element of Hospital's present responsibility with regard to participation in Federal health care programs. On or about this date, Hospital is entering into a settlement agreement with the

United States resulting from a voluntary disclosure by Hospital. This CIA is incorporated by reference into that settlement agreement.

## **II. TERM OF THE CIA**

The period of the compliance obligations assumed by Hospital under this CIA shall be three years and 30 days from the effective date of this CIA (unless otherwise specified). The effective date of this CIA will be the date on which the final signature is obtained on the CIA.

## **III. CORPORATE INTEGRITY OBLIGATIONS**

Hospital has established a compliance program. Hospital's compliance program either currently contains, or will contain within 120 days of the effective date of this CIA (unless otherwise specified), the following elements.

### **A. Compliance Officer and Compliance Committee**

1. *Compliance Officer.* Hospital has appointed a Compliance Officer who is responsible for developing and implementing policies, procedures, and practices designed to ensure compliance with the requirements set forth in this CIA and with the requirements of all Federal health care programs. The Compliance Officer is a member of senior management of Hospital, makes regular (at least quarterly) reports regarding compliance matters directly to the Hospital's CEO and/or to the Board of Directors of Hospital and is authorized to report to the Board of Directors at any time. The Compliance Officer is responsible for monitoring the day-to-day activities engaged in by

Hospital to further its compliance objectives as well as any reporting obligations created under this CIA. In the event a new Compliance Officer is appointed during the term of this CIA, Hospital shall notify OIG, in writing within 15 days of such a change.

2. *Compliance Committee.* Hospital has appointed a Compliance Committee. The Compliance Committee includes the Compliance Officer and other appropriate employees of Hospital as necessary to meet the requirements of this CIA within the Hospital's corporate structure. The Compliance Officer chairs the Compliance Committee and the Committee supports the Compliance Officer in fulfilling his/her responsibilities.

B. Written Standards.

1. *Code of Conduct.* Hospital has established a Code of Conduct. The Code of Conduct shall be made available to all existing contractors and distributed to all employees, all future contractors, and all other individuals affected by them, including but not limited to all personnel with responsibilities pertaining to coding and all physicians with privileges (hereinafter collectively referred to as the "covered individuals") within 120 days of the effective date of this CIA. Hospital shall make the promotion of and adherence to the Code of Conduct an element in evaluating the performance of managers, supervisors, and all other employees. The Code of Conduct, at a minimum, sets forth:

- a. Hospital's commitment to full compliance with all statutes, regulations, and guidelines applicable to Federal health care

programs, including its commitment to prepare and submit accurate billings consistent with Federal health care program regulations and procedures or instructions otherwise communicated by the Health Care Financing Administration ("HCFA") (or other appropriate regulatory agencies) or its agents;

b. the responsibility of all covered individuals to comply with all statutes, regulations, and guidelines applicable to Federal health care programs and with Hospital's own policies and procedures (including the requirements of this CIA);

c. the responsibility of all covered individuals to report suspected violations of any statute, regulation, or guideline applicable to Federal health care programs or with Hospital's own policies and procedures;

d. the possible consequences to Hospital and to any covered individual of failure to comply with all statutes, regulations, and guidelines applicable to Federal health care programs and with Hospital's own policies and procedures or of failure to report such non-compliance; and

e. the right of all covered individuals to use the confidential disclosure program and Hospital's commitment to confidentiality and non-retaliation with respect to disclosures.

All employees and all other individuals with responsibilities pertaining to coding have certified, in writing, that he or she has received, read, understands, and will abide by Hospital's Code of Conduct. For covered individuals who are employed by entities that contract with Hospital to provide services, Hospital shall: (1) require in its new or renewed contracts with the entity that the contractors acknowledge Hospital's Code of Conduct; (2) ensure that the Code of Conduct is provided (either by Hospital or the contracting entity) to all such covered individuals; (3) require in the contract with the entity that the contractors ensure that all of their covered individuals have received, read, understand, and agree to abide by the Code of Conduct. Hospital shall require future contracts with such contractors to include the above-described provisions. Hospital has provided the Code of Conduct to all physicians with privileges. Hospital includes in its credentialing and re-credentialing processes a requirement that each physician seeking initial appointment, or reappointment, to Hospital's medical staff certify, in writing, that he or she has received, read, understands, and will abide by Hospital's Code of Conduct. New covered individuals shall receive the Code of Conduct and shall complete the required certification within 180 days after the commencement of their employment or other relationship with Hospital. Hospital will annually review the Code of Conduct and

will make any necessary revisions. These revisions shall be distributed within 30 days of initiating such change. Covered individuals shall certify on an annual basis that they have received, read, understand and will abide by the Code of Conduct.

2. *Policies and Procedures.* Hospital has developed and initiated implementation of written Policies and Procedures regarding the operation of Hospital's compliance program and its compliance with all federal and state health care statutes, regulations, and guidelines, including the requirements of the Federal health care programs. The Policies and Procedures specifically require that all diagnosis codes submitted for claims purposes to any Federal health care program be properly supported by documentation of the diagnosis by the treating physician in the patient's medical record. The Policies and Procedures require that all inpatient claims with a principal diagnosis code of 482.83 or 482.89 (or any successors to these codes) intended for submission to Medicare shall first be subject to pre-billing review to ensure that the diagnosis code was properly assigned. In addition, the Policies and Procedures include disciplinary guidelines and methods for employees to make disclosures or otherwise report on compliance issues to Hospital management through the Confidential Disclosure Program required by section III.E. Hospital shall assess and update as necessary the Policies and Procedures at least annually and more frequently, as appropriate. A summary of the Policies and Procedures will be provided to OIG in the Implementation Report. The Policies and Procedures will be available to OIG upon request.

The relevant portions of the Policies and Procedures have been distributed to all appropriate covered individuals with responsibilities for assignments of codes for submission of claims to any Federal health care program. Compliance staff or supervisors should be available to explain any and all policies and procedures.

C. Training and Education.

1. *General Training.* Hospital provides annual training to each employee and all other individuals with responsibilities pertaining to coding or for the provision of items or services reimbursable by Federal health care programs (other than physicians with staff privileges). This general training shall explain Hospital's:

- a. Compliance Program (including the Policies and Procedures as they pertain to general compliance issues); and
- b. Code of Conduct.

These training materials shall be made available to OIG, upon request. New covered individuals shall continue to receive one hour of such training on their first day of employment or relationship with Hospital and an additional one hour of training within 180 days of the beginning of their employment or relationship with Hospital. The initial training requirements of this paragraph may be met by the annual compliance training that Hospital has provided to covered individuals during the one year prior to execution of this CIA. Each covered individual shall receive such general training on an annual basis.

2. *Physician Training.* Within 120 days of the effective date of this CIA, Hospital shall make available to each physician with staff privileges two hours of training. This training shall explain:

- a. Hospital's Corporate Integrity Agreement requirements;
- b. Hospital's Compliance Program (including the Policies and Procedures as they pertain to general compliance issues);
- c. Hospital's Code of Conduct;
- d. Federal health care program requirements for proper documentation of medical records and the submission of accurate claims to such programs.

Hospital shall notify all physicians with privileges of the available training and encourage the physicians to attend such training. Hospital shall maintain records of which physicians attended this available training. These records shall be available upon request by the OIG. Hospital shall include in its Annual Reports the percentage of physicians with staff privileges who attended this training. Hospital shall provide such training and take the other measures set forth in this section on an annual basis.

3. *Specific Training.* Within the 12-month period ending 120 days after the effective date of this CIA, each employee or contractor (or physician who has any oversight responsibility with respect to coding) who is involved directly or indirectly in the assignment of diagnosis or procedure codes for billing any Federal health care



program shall receive at least five hours of training in addition to the general training required above. This training shall include a discussion of:

- a. the submission of accurate bills for services rendered to Federal health care program patients;
- b. policies, procedures and other requirements applicable to the documentation of medical records;
- c. the personal obligation of each individual involved in the billing process to ensure that such billings are accurate;
- d. applicable reimbursement rules and statutes;
- e. the legal sanctions for improper billings; and
- f. examples of proper and improper billing practices.

These training materials shall be made available to OIG, upon request. Persons providing the training must be knowledgeable about the subject area. Annually thereafter, Hospital shall require and provide three hours of the above described coding training to such individuals. New employees and contractors (and physicians who have any oversight responsibility with respect to coding) who are involved directly or indirectly in the assignment of diagnosis or procedure codes for billing any Federal health care program shall receive this training within 30 days of the beginning of their employment or relationship with Hospital or within 120 days of the effective date of this CIA, whichever is later. If a new employee or contractor (or physician who has any oversight

responsibility with respect to coding) has any responsibility for the preparation or submission of claims and/or the assignment of procedure codes prior to completing this specific training, a Hospital employee who has completed this specific training shall review all of the untrained person's work regarding the preparation or submission of claims and/or the assignment of procedure codes.

4. *Certification.* Each covered person who is required to attend training shall certify, in writing, that he or she has attended the required training. The certification shall specify the type of training received and the date received. The Compliance Officer shall retain the certifications, along with specific course materials. These shall be made available to OIG upon request.

D. Review Procedures. Hospital's Audit and Compliance Department shall perform review procedures to assist Hospital and OIG in assessing the adequacy of its billing and compliance practices pursuant to this CIA. The reviews will be done annually and cover each of the one-year periods beginning on the effective date of this CIA or the anniversary of that date. The Audit and Compliance Department shall use individuals who have expertise in the billing, coding, reporting and other requirements of the Federal health care programs from which Hospital seeks reimbursement. The Audit and Compliance Department shall conduct an analysis of Hospitals' billing to the Federal health care programs to assist Hospital and OIG in determining compliance with all applicable statutes, regulations, and directives/guidance ("billing engagement").

Hospital shall retain an entity, such as an accounting, auditing or consulting firm (hereinafter "Independent Review Organization"), to review whether Hospital has performed the billing engagement in conformance with the agreed-upon procedures as described below. The Independent Review Organization must have expertise in the billing, coding, reporting and other requirements of the Federal health care programs from which Hospital seeks reimbursement. Hospital shall also engage the Independent Review Organization to conduct an engagement to determine whether Hospital is in compliance with this CIA ("compliance engagement"). Hospital shall require the Independent Review Organization to produce reports on its findings, which report shall be included in Hospital's Annual Reports to the OIG. The Independent Review Organization must be retained to perform these functions for the first year within 120 days of the effective date of this CIA. A complete copy of the Independent Review Organization's reports shall be included in each of Hospital's Annual Reports to OIG.

1. *Billing Engagement.* The billing engagement shall consist of a review of a statistically valid sample of Medicare inpatient claims that can be projected to the population of inpatient claims submitted to Medicare for the 12-month period covered by the engagement. The sample size shall be determined through the use of a probe sample. The probe sample must contain at least 30 sample units and cannot be used as part of the full sample. The full sample must contain a sufficient number of units so that when the sample results are projected to the population of claims, the projection provides a

minimum 90% confidence level and a maximum precision of plus or minus 25% of the point estimate (i.e., the upper and lower bounds of the 90% confidence interval shall not exceed 125% and shall not fall below 75% of the midpoint of the confidence interval, respectively). Both the probe sample and the full sample must be selected through random number sampling. To generate the random sample, Hospital shall use OIG's Office of Audit Services Statistical Sampling Software, also known as "RAT-STATS," which is available through the Internet at "[www.hhs.gov/progorg/oas/ratstat.html](http://www.hhs.gov/progorg/oas/ratstat.html)." Each annual billing engagement and its corresponding report shall include the following components:

- a. Billing Engagement Objective: a clear statement of the objective intended to be achieved by the billing engagement and the procedure or combination of procedures that will be applied to achieve the objective.
- b. Billing Engagement Population: the identity of the population, which is the group about which information is needed and an explanation of the methodology used to develop the population and provide the basis for this determination.
- c. Sources of Data: a full description of the source of the information upon which the billing engagement conclusions will be

based, including the legal or other standards applied, documents relied upon, payment data, and/or any contractual obligations.

d. Sampling Unit: a definition of the sampling unit, which is any of the designated elements that comprise the population of interest.

e. Sampling Frame: the identity of the sampling frame, which is the totality of the sampling units from which the sample will be selected.

The billing engagement report shall provide:

- a. findings regarding Hospital's billing and coding operation (including, but not limited to, the operation of the billing system, strengths and weaknesses of this system, internal controls, effectiveness of the system);
- b. findings regarding whether Hospital is submitting accurate claims and cost reports for services billed to the Federal health care programs.
- c. findings regarding Hospital's procedures to correct inaccurate billings or codings to the Federal health care programs;
- d. findings regarding the accuracy of the coding hospital admissions involving a principal diagnosis of pneumonia; and

e. findings regarding the steps Hospital is taking to bring its operations into compliance or to correct problems identified by the audit;

2. *Compliance Engagement.* An Independent Review Organization shall also conduct a compliance engagement that shall provide findings regarding whether Hospital's program, policies, procedures, and operations comply with the terms of this CIA. This report of the engagement shall provide section by section findings regarding the requirements of this CIA. Based on the results of the first Compliance Engagement and on the results of the Billing Engagement for the first year of the term of this CIA, OIG may, at its sole discretion, relieve Hospital of its obligation to retain an IRO to conduct a Compliance Engagement for the second and third years of this CIA.

A complete copy of the Independent Review Organization's billing and compliance engagement shall be included in each of Hospital's Annual Reports to OIG.

3. *Verification/Validation.* In the event that OIG determines that it is necessary to conduct an independent review to determine whether or the extent to which Hospital is complying with its obligations under this CIA, Hospital agrees to pay for the reasonable cost of any such review or engagement by OIG or any of its designated agents.

E. Confidential Disclosure Program. Hospital has established a Confidential Disclosure Program, which includes, in addition to other means, a toll-free compliance telephone line operated by an independent third-party hotline vendor, to enable

employees, contractors, agents or other individuals to disclose, to the Compliance Officer or some other person who is not in the reporting individual's chain of command, any identified issues or questions associated with Hospital's policies, practices or procedures with respect to the Federal health care program, believed by the individual to be inappropriate. Hospital publicizes the existence of the Confidential Disclosure Program in prominent common areas, as well as through Hospital's Code of Conduct, employee newsletters, brochures, and wallet cards.

The Confidential Disclosure Program emphasizes a non-retribution, non-retaliation policy, and includes a reporting mechanism for anonymous, confidential communication. Upon receipt of a complaint, the Compliance Officer (or designee) gathers the information in such a way as to elicit all relevant information from the individual reporting the alleged misconduct. The Compliance Officer (or designee) makes a preliminary good faith inquiry into the allegations set forth in every disclosure to ensure that he or she has obtained all of the information necessary to determine whether a further review should be conducted. For any disclosure that is sufficiently specific so that it reasonably: (1) permits a determination of the appropriateness of the alleged improper practice, and (2) provides an opportunity for taking corrective action, Hospital conducts an internal review of the allegations set forth in such a disclosure and ensures that proper follow-up is conducted.

The Compliance Officer maintains a confidential disclosure log, which shall include a record and summary of each allegation received, the status of the respective investigations, and any corrective action taken in response to the investigation. Hospital shall retain all documents related to the review of disclosures and make such documents available to OIG upon request.

F. Ineligible Persons.

1. *Definition.* For purposes of this CIA, an “Ineligible Person” shall be any individual or entity who: (i) is currently excluded, suspended, debarred or otherwise ineligible to participate in the Federal health care programs; or (ii) has been convicted of a criminal offense related to the provision of health care items or services and has not been reinstated in the Federal health care programs after a period of exclusion, suspension, debarment, or ineligibility.

2. *Screening Requirements.* Hospital shall not hire or engage as contractors or grant staff privileges to any Ineligible Person. To prevent hiring or contracting with any Ineligible Person, Hospital shall screen all prospective employees and prospective contractors prior to engaging their services and screen physicians prior to granting staff privileges by (i) requiring applicants to disclose whether they are Ineligible Persons, and (ii) reviewing the General Services Administration’s List of Parties Excluded from Federal Programs (available through the Internet at <http://www.arnet.gov/epl>) and the HHS/OIG List of Excluded Individuals/Entities (available through the Internet at



<http://www.dhhs.gov/progorg/oig>) (these lists and reports will hereinafter be referred to as the "Exclusion Lists").

3. *Review and Removal Requirement.* Within the 12-month period ending ninety (90) days after the effective date of this CIA, Hospital will have reviewed its list of current employees, contractors, and physicians with staff privileges against the Exclusion Lists. Thereafter, Hospital will review the list once annually. If Hospital has notice that an employee, agent, or physician has become an Ineligible Person, Hospital will remove such person from responsibility for, or involvement with, Hospital's business operations related to the Federal health care programs and shall remove such person from any position for which the person's salary or the items or services rendered, ordered, or prescribed by the person are paid in whole or part, directly or indirectly, by Federal health care programs or otherwise with Federal funds at least until such time as the person is reinstated into participation in the Federal health care programs.

4. *Pending Charges and Proposed Exclusions.* If Hospital has notice that an employee or contractor is charged with a criminal offense related to any Federal health care program, or is suspended or proposed for exclusion during his or her employment or contract with Hospital, within 10 days of receiving such notice Hospital will remove such individual from responsibility for, or involvement with, Hospital's business operations related to the Federal health care programs until the resolution of such criminal action, suspension, or proposed exclusion.

G. Notification of Proceedings. Within 30 days of discovery, Hospital shall notify OIG, in writing, of any ongoing investigation or legal proceeding conducted or brought by a governmental entity or its agents involving an allegation that Hospital has committed a crime or has engaged in fraudulent activities or any other knowing misconduct. This notification shall include a description of the allegation, the identity of the investigating or prosecuting agency, and the status of such investigation or legal proceeding. Hospital shall also provide written notice to OIG within 30 days of the resolution of the matter, and shall provide OIG with a description of the findings and/or results of the proceedings, if any.

H. Reporting.

1. *Reporting of Overpayments*. If, at any time, Hospital identifies or learns of any billing, coding or other policies, procedures and/or practices that result in an overpayment, Hospital shall notify the payor (e.g., Medicare fiscal intermediary or carrier) within 30 days of discovering the overpayment and take remedial steps within 60 days of discovery (or such additional time as may be agreed to by the payor) to correct the problem, including preventing the underlying problem and the overpayments from recurring. If the overpayment is discovered as the result of any of the activities required by this CIA, the notice to the payor shall include:

- a. a statement that the refund is being made pursuant to this CIA;

- b. a description of the complete circumstances surrounding the overpayment;
- c. the methodology by which the overpayment was determined;
- d. the amount of the overpayment;
- e. any claim-specific information used to determine the overpayment (e.g., beneficiary health insurance number, claim number, service date, and payment date);
- f. the provider identification number under which the repayment is being made;
- g. the cost reporting period [if applicable]; and
- h. any applicable Overpayment Refund Form provided and required by the payor.

2. *Reporting of Material Deficiencies.* If Hospital determines that there is a material deficiency, Hospital shall notify the OIG within 30 days of discovering the material deficiency. If the material deficiency results in an overpayment, the report to the OIG shall be made at the same time as the report to the payor and shall include all of the information required by section III.H.1 plus: (i) the payor's name, address, and contact person where the overpayment was sent; and (ii) the date of the check and identification number (or electronic transaction number) on which the overpayment was repaid.

Regardless of whether the material deficiency resulted in an overpayment, the report to the OIG shall include:

- a. a complete description of the material deficiency, including the relevant facts, persons involved, and legal and program authorities;
- b. Hospital's actions to correct the material deficiency; and
- c. any further steps Hospital plans to take to address such material deficiency and prevent it from recurring.

3. *Definition of "Overpayment."* For purposes of this CIA, an "overpayment" shall mean the amount of money the provider has received in excess of the amount due and payable under the Federal health care programs' statutes, regulations or program directives, including carrier and intermediary instructions.

4. *Definition of "Material Deficiency."* For purposes of this CIA, a "material deficiency" means anything that involves: (i) a substantial overpayment relating to any Federal health care program; (ii) a matter that a reasonable person would consider a potential violation of criminal, civil, or administrative laws applicable to any Federal health care program; or (iii) a violation of the obligation to provide items or services of a quality that meets professionally recognized standards of health care where such violation has occurred in one or more instances that presents an imminent danger to the health, safety, or well-being of a Federal health care program beneficiary or places the

beneficiary unnecessarily in high-risk situations. A material deficiency may be the result of an isolated event or a series of occurrences.

#### **IV. IMPLEMENTATION AND ANNUAL REPORTS**

A. Implementation Report. Within 150 days after the effective date of this CIA, Hospital shall submit a written report to OIG summarizing the status of its implementation of the requirements of this CIA. This Implementation Report shall include:

1. the name, address, phone number and position description of the Compliance Officer required by section III.A;
2. the names and positions of the members of the Compliance Committee required by section III.A;
3. a copy of Hospital's Code of Conduct required by section III.B.1;
4. the summary of the Policies and Procedures required by section III.B.2;
5. a description of the training programs required by section III.C including a description of the targeted audiences and a schedule of when the training sessions were held;
6. a certification by the Compliance Officer that:
  - a. the Policies and Procedures required by section III.B have been developed, are being implemented, and have been distributed to all appropriate covered individuals;

- b. Hospital has fulfilled its requirements under section III.B.1, including distribution of the Code of Conduct to all covered individuals and collection of appropriate certifications; and
  - c. all covered individuals have completed the training and executed the certification required by section III.C;
- 7. a description of the confidential disclosure program required by section III.E;
  - 8. the identity of the Independent Review Organization(s) and the proposed start and completion date of the first audit;
  - 9. a summary of personnel actions taken pursuant to section III.F.; and
  - 10. a list of all of Hospital's locations (including locations and mailing addresses), the corresponding name under which each location is doing business, the corresponding phone numbers and fax numbers, each location's Federal health care program provider identification number(s), and the name, address, and telephone number of the payor (specific contractor) that issued each provider identification number.

B. Annual Reports. Hospital shall submit to OIG Annual Reports with respect to the status and findings of Hospital's compliance activities.

Each Annual Report shall include:

1. any change in the identity or position description of the Compliance Officer and/or members of the Compliance Committee described in section III.A;
2. a certification by the Compliance Officer that:
  - a. all appropriate covered individuals have completed the annual Code of Conduct certification required by section III.B.1 and all other requirements of that section have been met; and
  - b. all covered individuals have completed the training and executed the certification required by section III.C;
3. notification of any changes or amendments to the Policies and Procedures required by section III.B and the reasons for such changes (e.g., change in contractor policy);
4. a complete copy of the Independent Review Organization's billing and compliance engagement reports, including a copy of the methodology used;
5. Hospital's response/corrective action plan to any issues raised by the Independent Review Organization;
6. a summary of material deficiencies identified and reported throughout the course of the previous 12 months pursuant to III.H;
7. a report of the aggregate overpayments that have been returned to the Federal health care programs that were discovered as a direct or indirect

result of implementing this CIA (overpayment amounts should be broken down into the following categories: Medicare, Medicaid (report each applicable state separately), and other Federal health care programs);

8. a copy of the confidential disclosure log required by section III.E;
9. a description of any personnel action (other than hiring) taken by Hospital as a result of the obligations in section III.F;
10. a summary describing any ongoing investigation or legal proceeding conducted or brought by a governmental entity involving an allegation that Hospital has committed a crime or has engaged in fraudulent activities, which was or should have been reported pursuant to section III.G (the statement shall include a description of the allegation, the identity of the investigating or prosecuting agency, and the status of such investigation, legal proceeding or requests for information);
11. a corrective action plan to address all material deficiencies (as defined in section III.H) identified over the previous 12 months;
12. a description of the training programs required by section III.C including a description of the targeted audiences and a schedule of when the training sessions were held, and a report on the percentage of physicians with privileges who have attended the training described in section III.C;

and



13. A description of all changes to the most recently provided list (as updated) of Hospital's locations (including locations and mailing addresses), the corresponding name under which each location is doing business, the corresponding phone numbers and fax numbers, each location's Federal health care program provider identification number(s), and the name, address, and telephone number of the payor (specific contractor) that issued each provider identification number.

The first Annual Report shall be received by OIG no later than one year and 90 days after the effective date of this CIA. Subsequent Annual Reports shall be received by OIG no later than the anniversary date of the due date of the first Annual Report.

C. Certifications. The Implementation Report and Annual Reports shall include a certification by the Compliance Officer under penalty of perjury, that: (1) Hospital is in compliance with all of the requirements of this CIA, to the best of his or her knowledge; and (2) the Compliance Officer has reviewed the Report and has made reasonable inquiry regarding its content and believes that, upon such inquiry, the information is accurate and truthful.

**V. NOTIFICATIONS AND SUBMISSION OF REPORTS**

Unless otherwise stated in writing subsequent to the effective date of this CIA, all notifications and reports required under this CIA shall be submitted to the entities listed below:

OIG:

Civil Recoveries Branch - Compliance Unit  
Office of Counsel to the Inspector General  
Office of Inspector General  
U.S. Department of Health and Human Services  
Cohen Building, Room 5527  
330 Independence Avenue, SW  
Washington, DC 20201  
Phone 202.619.2078  
Fax 202.205.0604

Hospital:

Stephanie Davis  
Corporate Compliance Officer  
Johnson City Medical Center  
400 North State of Franklin Road  
Johnson City, TN 37604  
Phone 423.431.6328  
Fax 423.431.5550

**VI. OIG INSPECTION, AUDIT AND REVIEW RIGHTS**

In addition to any other rights OIG may have by statute, regulation, or contract, OIG or its duly authorized representative(s), may examine Hospital's books, records, and other documents and supporting materials for the purpose of verifying and evaluating: (a) Hospital's compliance with the terms of this CIA; and (b) Hospital's compliance with the requirements of the Federal health care programs in which it participates. The documentation described above shall be made available by Hospital to OIG or its duly authorized representative(s) at all reasonable times for inspection, audit or reproduction. Furthermore, for purposes of this provision, OIG or its duly authorized representative(s)

may interview any of Hospital's employees, contractors, or physicians with privileges who consent to be interviewed at the individual's place of business during normal business hours or at such other place and time as may be mutually agreed upon between the individual and OIG. Hospital agrees to assist OIG in contacting and arranging interviews with such individuals upon OIG's request. Hospital's employees may elect to be interviewed with or without a representative of Hospital present.

#### **VII. DOCUMENT AND RECORD RETENTION**

Hospital shall maintain for inspection all documents and records relating to reimbursement from the Federal health care programs or to compliance with this CIA, for four years and 30 days (or longer if otherwise required by law).

#### **VIII. DISCLOSURES**

Subject to HHS's Freedom of Information Act ("FOIA") procedures, set forth in 45 C.F.R. Part 5, OIG shall make a reasonable effort to notify Hospital prior to any release by OIG of information submitted by Hospital pursuant to its obligations under this CIA and identified upon submission by Hospital as trade secrets, commercial or financial information and privileged and confidential under the FOIA rules. Hospital shall refrain from identifying any information as trade secrets, commercial or financial information and privileged and confidential that does not meet the criteria for exemption from disclosure under FOIA.

#### **IX. BREACH AND DEFAULT PROVISIONS**

Hospital is expected to fully and timely comply with all of the obligations herein throughout the term of this CIA or other time frames herein agreed to. Nothing in this CIA affects the rights of the OIG or the United States to exercise any criminal, civil, or administrative authority with respect to conduct of Hospital or others.

A. Stipulated Penalties for Failure to Comply with Certain Obligations. As a contractual remedy, Hospital and OIG hereby agree that failure to comply with certain obligations set forth in this CIA may lead to the imposition of the following monetary penalties (hereinafter referred to as "Stipulated Penalties") in accordance with the following provisions.

1. A Stipulated Penalty of \$2,500 (which shall begin to accrue on the day after the date the obligation became due) for each day, beginning 120 days after the effective date of this CIA and concluding at the end of the term of this CIA, Hospital fails to have in place any of the following:

- a. a Compliance Officer;
- b. a Compliance Committee;
- c. written Code of Conduct;
- d. written Policies and Procedures;
- e. a training program; and
- f. a Confidential Disclosure Program;

2. A Stipulated Penalty of \$2,500 (which shall begin to accrue on the day after the date the obligation became due) for each day Hospital fails to meet any of the deadlines to submit the Implementation Report or the Annual Reports to OIG.

3. A Stipulated Penalty of \$2,000 (which shall begin to accrue on the date the failure to comply began) for each day Hospital:

a. hires or enters into a contract with or grants staff privileges to an Ineligible Person after that person has been listed by a federal agency as excluded, debarred, suspended or otherwise ineligible for participation in the Medicare, Medicaid or any other Federal health care program (as defined in 42 U.S.C. § 1320a-7b(f)) (this Stipulated Penalty shall not be demanded for any time period during which Hospital can demonstrate that it did not discover the person's exclusion or other ineligibility after making a reasonable inquiry (as described in section III.F) as to the status of the person);

b. employs, contracts with, or grants staff privileges to an Ineligible Person and that person: (i) has responsibility for, or involvement with, Hospital's business operations related to the Federal health care programs; or (ii) is in a position for which the person's salary or the items or services rendered, ordered, or prescribed by the person are paid in whole or part, directly or indirectly, by Federal health care programs or otherwise with Federal funds (this Stipulated Penalty shall not be demanded for any time period during which Hospital can demonstrate that it did not discover the person's exclusion or

other ineligibility after making a reasonable inquiry (as described in section III.F) as to the status of the person); or

c. employs or contracts with a person who: (i) has been charged with a criminal offense related to any Federal health care program, or (ii) is suspended or proposed for exclusion, and that person has responsibility for, or involvement with, Hospital's business operations related to the Federal health care programs (this Stipulated Penalty shall not be demanded for any time period before 10 days after Hospital received notice of the relevant matter or after the resolution of the matter).

4. A Stipulated Penalty of \$1,500 (which shall begin to accrue on the date the Hospital fails to grant access) for each day Hospital fails to grant access to the information or documentation as required in section VI of this CIA.

5. A Stipulated Penalty of \$1,000 (which shall begin to accrue 10 days after the date that OIG provides notice to Hospital of the failure to comply) for each day Hospital fails to comply fully and adequately with any obligation of this CIA where the failure to comply does not form the basis for stipulated penalties under provisions (1) - (4), above. In its notice to Hospital, OIG shall state the specific grounds for its determination that the Hospital has failed to comply fully and adequately with the CIA obligation(s) at issue. With respect to the Stipulated Penalty provision described in this section IX.A.5 only, the OIG shall not seek a Stipulated Penalty if Hospital demonstrates to the OIG's satisfaction that the alleged failure to comply could not be cured within the

10-day period, but that: (i) Hospital has begun to take action to cure the failure to comply, (ii) Hospital is pursuing such action with due diligence, and (iii) Hospital has provided to OIG a reasonable timetable for curing the failure to comply.

**B. Payment of Stipulated Penalties.**

1. *Demand Letter.* Upon a finding that Hospital has failed to comply with any of the obligations described in section IX.A and determining that Stipulated Penalties are appropriate, OIG shall notify Hospital by personal service or certified mail of (a) Hospital's failure to comply; and (b) OIG's exercise of its contractual right to demand payment of the Stipulated Penalties (this notification is hereinafter referred to as the "Demand Letter").

2. *Response to Demand Letter.* Within fifteen (15) days of the date of the Demand Letter, Hospital shall either (a) cure the breach to OIG's satisfaction and pay the applicable stipulated penalties; or (b) request a hearing before an HHS administrative law judge ("ALJ") to dispute OIG's determination of noncompliance, pursuant to the agreed upon provisions set forth below in section IX.D. In the event Hospital elects to request an ALJ hearing, the Stipulated Penalties shall continue to accrue until Hospital cures, to OIG's satisfaction, the alleged breach in dispute. Failure to respond to the Demand Letter in one of these two manners within the allowed time period shall be considered a material breach of this CIA and shall be grounds for exclusion under section IX.C.

3. *Timely Written Requests for Extensions.* Hospital may submit a timely written request for an extension of time to perform any act or file any notification or report required by this CIA. Notwithstanding any other provision in this section, if OIG grants the timely written request with respect to an act, notification, or report, Stipulated Penalties for failure to perform the act or file the notification or report shall not begin to accrue until one day after Hospital fails to meet the revised deadline set by OIG. Notwithstanding any other provision in this section, if OIG denies such a timely written request, Stipulated Penalties for failure to perform the act or file the notification or report shall not begin to accrue until two business days after Hospital receives OIG's written denial of such request. A "timely written request" is defined as a request in writing received by OIG at least five business days prior to the date by which any act is due to be performed or any notification or report is due to be filed.

4. *Form of Payment.* Payment of the Stipulated Penalties shall be made by certified or cashier's check, payable to "Secretary of the Department of Health and Human Services," and submitted to OIG at the address set forth in section V.

5. *Independence from Material Breach Determination.* Except as otherwise noted, these provisions for payment of Stipulated Penalties shall not affect or otherwise set a standard for OIG's determination that Hospital has materially breached this CIA, which decision shall be made at OIG's discretion and governed by the provisions in section IX.C, below.



**C. Monetary Penalty for Material Breach of this CIA**

1. *Notice of Material Breach.* The parties agree that a material breach of this CIA by Hospital constitutes grounds for OIG to impose an enhanced stipulated penalty that is separate and apart from the Stipulated Penalties described in Sections IX.A-B, above. This monetary penalty (hereinafter referred to as the “Material Breach Penalty”) shall be \$25,000 per day. Upon a determination by OIG that Hospital has materially breached this CIA and that a Material Breach Penalty should be imposed, the OIG shall notify Hospital by certified mail of (a) Hospital’s material breach; and (b) OIG’s intent to exercise its contractual right to impose the Material Breach Penalty (this notification is hereinafter referred to as the “Notice of Material Breach”).

2. *Opportunity to Cure.* Hospital shall have 35 days from the date of the Notice of Material Breach to demonstrate to OIG’s satisfaction that:

- a. Hospital is in full compliance with this CIA;
- b. the alleged material breach has been cured; or
- c. the alleged material breach could not be cured within the 35-day period, but that: (i) Hospital has begun to take action to cure the material breach, (ii) Hospital is pursuing such action with due diligence, and (iii) Hospital has provided to OIG a reasonable timetable for curing the material breach.

3. *Material Breach Penalty Letter.* If at the conclusion of the 35-day period, Hospital fails to satisfy the requirements of section IX.C.2, OIG may impose the Material Breach Penalty on Hospital, and the Material Breach Penalty shall begin to accrue on that day. OIG will notify Hospital in writing of its determination to impose the Material Breach Penalty (this letter shall be referred to hereinafter as the “Material Breach Penalty Letter”). Within fifteen (15) days of receipt of the Material Breach Penalty Letter, Hospital shall either: (a) cure the material breach to OIG’s satisfaction and pay the applicable Material Breach Penalty; or (b) request a hearing before an HHS administrative law judge (“ALJ”) to dispute OIG’s determination of material breach, pursuant to the agreed upon provisions set forth below in Section IX.D.

4. *Material Breach.* A material breach of this CIA means:

- a. a failure by Hospital to report a material deficiency, take corrective action and pay the appropriate refunds, as provided in section III.D;
- b. repeated or flagrant violations of the obligations under this CIA, including, but not limited to, the obligations addressed in section IX.A of this CIA;
- c. a failure to respond to a Demand letter concerning the payment of Stipulated Penalties in accordance with section IX.B above; or

d. a failure to retain and use an Independent Review Organization for review purposes in accordance with section III.D.

D. Dispute Resolution

1. *Review Rights.* Upon OIG's delivery to Hospital of its Demand Letter or of its Material Breach Penalty Letter, and as an agreed-upon contractual remedy for the resolution of disputes arising under the obligation of this CIA, Hospital shall be afforded certain review rights comparable to the ones that are provided in 42 U.S.C. § 1320a-7(f) and 42 C.F.R. Part 1005 as if they applied to the Stipulated Penalties or exclusion sought pursuant to this CIA. Specifically, OIG's determination to demand payment shall be subject to review by an ALJ and, in the event of an appeal, the Departmental Appeals Board ("DAB"), in a manner consistent with the provisions in 42 C.F.R. §§ 1005.2-1005.21. Notwithstanding the language in 42 C.F.R. § 1005.2(c), the request for a hearing involving stipulated penalties shall be made within 15 days of the date of the Demand Letter or the Material Breach Penalty Letter.

2. *Stipulated Penalties Review.* Notwithstanding any provision of Title 42 of the United States Code or Chapter 42 of the Code of Federal Regulations, the only issues in a proceeding for stipulated penalties under this CIA shall be (a) whether Hospital was in full and timely compliance with the obligations of this CIA for which OIG demands payment; (b) the period of noncompliance and (c) with respect to a stipulated penalty authorized under section IX.A.5 only, whether the failure to comply

could not be cured within the 10-day period, but that by the end of that period (i) Hospital had begun to take action to cure the failure to comply, (ii) Hospital was and is pursuing such action with due diligence, and (iii) Hospital had provided to OIG a reasonable timetable for curing the material breach which is being followed. Hospital shall have the burden of proving its full and timely compliance and the steps taken to cure the noncompliance, if any. If the ALJ finds for OIG with regard to a finding of a breach of this CIA and orders Hospital to pay Stipulated Penalties, such Stipulated Penalties shall become due and payable 20 days after the ALJ issues such a decision notwithstanding that Hospital may request review of the ALJ decision by the DAB.

3. *Material Breach Review.* Notwithstanding any provision of Title 42 of the United States Code or Chapter 42 of the Code of Federal Regulations, the only issues in a proceeding regarding imposition of a Material Breach Penalty shall be: (a) whether Hospital was in material breach of this CIA; (b) whether such breach was continuing on the date of the Material Breach Penalty Letter; (c) the number of days that Hospital was in material breach of this CIA; and (d) whether the alleged material breach could not have been cured within the 35 day period, but that (i) Hospital had begun to take action to cure the material breach within that period, (ii) Hospital has pursued and is pursuing such action with due diligence, and (iii) Hospital provided to OIG within that period a reasonable timetable for curing the material breach. If the ALJ agrees with OIG with regard to a finding of a breach of this CIA and orders Hospital to pay the Material Breach

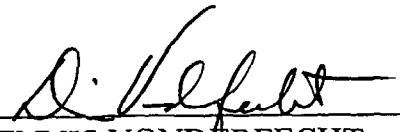
Penalty, such Penalty shall become due and payable 20 days after the ALJ issues such a decision unless Hospital requests review of the ALJ decision by the DAB. If the ALJ decision is properly appealed to the DAB and the DAB upholds the determination of OIG, the Material Breach Penalty shall become due and payable 20 days after the DAB issues its decision.

**X. EFFECTIVE AND BINDING AGREEMENT**


Consistent with the provisions in the Settlement Agreement pursuant to which this CIA is entered, and into which this CIA is incorporated, Hospital and OIG agree as follows:

- A. This CIA shall be binding on the successors, assigns and transferees of Hospital;
- B. This CIA shall become final and binding on the execution date, which is the date the final signature is obtained on the CIA;
- C. Any modifications to this CIA shall be made with the prior written consent of the parties to this CIA; and
- D. The undersigned Hospital signatories represent and warrant that they are authorized to execute this CIA. The undersigned OIG signatory represents that he is signing this CIA in his official capacity and that he is authorized to execute this CIA.

ON BEHALF OF JOHNSON CITY MEDICAL CENTER

  
DENNIS VONDERFECHT  
President and CEO  
Mountain States Health Alliance

3/30/00  
DATE

  
TIMOTHY S. BELISLE  
Counsel for Johnson City Medical Center

3/30/00  
DATE

**ON BEHALF OF THE OFFICE OF INSPECTOR GENERAL  
OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES**



LEWIS MORRIS

Assistant Inspector General for Legal Affairs

Office of Inspector General

U. S. Department of Health and Human Services

4/29/10  
DATE